Auditing and Balancing a 3-Statement Model

Module 8: Comprehensive Review

Term	Definition
Alt+Equals (ALT =)	Excel shortcut to quickly insert a SUM function for totaling selected ranges.
Alt+H+O+U+O	Excel shortcut to unhide rows in a worksheet, ensuring all data is visible for review.
Balance Sheet Plug	An incorrect placeholder adjustment made to force a balance sheet to balance, which is not a best practice.
Common Equity Adjustment	The process of properly referencing common equity from the equity schedule instead of using a plug.
Deferred Tax Flip	The correction of deferred tax sign errors, ensuring non-cash tax expenses are properly treated as positive add backs on the cash flow statement.
Income Statement Validation	A detailed review of income statement formulas and references to ensure accuracy and consistency across forecast years.
Row Consistency	Ensuring formulas across a row in Excel are identical and consistent.
Subtotal Validation	A process to ensure that intermediate totals and subtotals in financial models are accurate and complete.
Three Core Financial Statements	The income statement, balance sheet, and cash flow statement, which are the focus of error-finding exercises.
Trace Precedents	An Excel tool used to identify all cells referenced by the formula in the selected cell.

Vertical Blue Line	An indicator in Excel's trace precedents tool that confirms consistent references up or down columns.